

Executive Summary

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Introduction

This executive summary outlines the Missouri Department of Transportation's work in the fiscal year ending June 30, 2000, to preserve, enhance and support Missouri's transportation system. The details are contained in the department's 2000 Report to the Joint Committee on Transportation Oversight.

The report includes a review of planning, project status, funding and financial statements. The department retained KPMG LLP, an independent public accounting and auditing firm, to audit the department's financial statements. KPMG reviewed MoDOT's \$1.7 billion in expenditures, including, for the first time this year, other agencies' use of moneys appropriated from highway funds. Other agencies received a total of \$175 million in highway funds during fiscal year 2000.

This is a comprehensive annual report, and the department will gladly provide additional information on its operations, budgeting and project selection upon request.

References are made to sections of the comprehensive report, which is available on the Internet at **www.modot.state.mo.us**, and at the department's 10 district offices and General Headquarters in Jefferson City.

1. Financial Statements

The information in this section is being submitted in accordance with the following section of the reporting statute. “2. *The department of transportation shall submit a written report prior to November tenth of each year to the governor and every member of the senate and house of representatives which shall contain the following:*

(1) A comprehensive financial report of all funds for the preceding state fiscal year which shall include a report by independent certified public accountants, selected by the commissioner of the office of administration, attesting that the financial statements present fairly the financial position of the department in conformity with generally accepted government accounting principles. This report shall include amounts of:

- (a) State revenues by sources, amounts of federal revenues by source;*
- (b) Any other revenues available to the department by source;*
- (c) Funds appropriated, the amount the department has budgeted and expended for the following: contracts, right-of-way purchases, preliminary and construction engineering, maintenance operations and administration;*
- (d) Total state and federal revenue compared to the revenue estimate in the fifteen-year highway plan as adopted in 1992. All expenditures made by, or on behalf of, the department for personal services including fringe benefits, all categories of expense and equipment, real estate and capital improvements shall be assigned to the categories listed in this subdivision in conformity with generally accepted government accounting principles; ...” Section 21.795.2, RSMo Supp. 1998.*

As part of the annual report legislation, MoDOT is required to have its financial data audited by an independent accounting and auditing firm. MoDOT retained KPMG LLP, which reviewed the department’s financial statements for the fiscal year that ended June 30, 2000.

The audit encompasses the financial operations of the \$1.7 billion-dollar agency responsible for building and maintaining the 32,000-mile state highway system, as well as for planning and distributing funds for the state’s aviation, waterways, railroads and transit needs. MoDOT has facilities in every county in the state, and has over 6,000 employees providing services to the citizens of Missouri.

The fiscal year 2000 auditor’s report contains the unqualified opinion of the auditors that the combined financial statements present fairly, in all material respects, the financial position of the department and the results of its operations and cash flows, in conformity with accounting principles generally accepted in the United States. **This is a significant improvement from the prior year auditor’s report, which was qualified for certain amounts in the report.** These amounts included department funds expended by other state agencies, claims and judgments payable and amounts related to the operations of the medical and life insurance plan of the department.

Detailed financial information is contained in Section 1 of the Report to the Joint Committee on Transportation Oversight.

2. Program Changes

A. Criteria for Prioritization of Projects

The information in this section is being submitted in accordance with the highlighted portion in the following section of the reporting statute. “(2) *A detailed explanation of the methods or criteria employed to select construction projects, including a listing of any new or reprioritized projects not mentioned in a previous report, and an explanation as to how the new or reprioritized projects meet the selection methods or criteria; ...*” Section 21.795.2(2), RSMo Supp. 1998 (emphasis added).

There will continue to be new construction of roads and bridges, but more emphasis will be on rehabilitation and reconstruction in years to come. The 5-Year Highway and Bridge Construction Schedule establishes the work to be done in the period 2001-2005. As each year of the plan is completed, a new year is added. Except for improvements specified in sections B and C, schedules for the years 2001-2004 are the same as in last year’s report.

Projects for years 2001-2003, as well as the limited number of projects for year 2004, were determined on the basis of safety concerns, traffic needs and public input. Factors considered in project selection included safety, public comments, pavement condition, congestion, traffic volume and highway connections to other areas of Missouri and other states. Depending on the funding category under which projects are considered, different criteria were considered when prioritizing them.

The development of the Long-Range Transportation Plan is leading to a shift in MoDOT’s priorities and a resulting change in the prioritization process. In the past, more emphasis was placed on system expansion. Based on the LRTP, **once it has been approved**, the focus is shifting to rehabilitation and reconstruction of existing assets. Projects for the remainder of 2004 and all of 2005 will be determined and prioritized using the processes identified in the LRTP once it has been approved.

The Long-Range Transportation Plan guides the course of Missouri’s transportation system over a 20-year time span and will be continually updated. The success of the long-range plan depends on public input and public support. MoDOT will work with the public and respond to its transportation needs by tackling the highest priorities first. Obtaining public input, planning projects, completing improvements and following up with the public is a continuous process of quality improvement for MoDOT.

The Highway and Bridge Construction Schedule also includes three-years’ worth of urban projects that have been approved by the St. Louis and Kansas City metropolitan planning organizations. These organizations are responsible for approving highway projects undertaken in their areas.

More information on project prioritization is contained in Section 2.A of the Report to the Joint Committee on Transportation Oversight.

B. Projects Reprioritized in the 2000-2004 Highway & Bridge Construction Schedule

The information in this section is being submitted in accordance with the highlighted portion in the following section of the reporting statute. *“(2) A detailed explanation of the methods or criteria employed to select construction projects, **including a listing of any new or reprioritized projects** not mentioned in a previous report, and an explanation as to how the new or reprioritized projects meet the selection methods or criteria; ...”* Section 21.795.2(2), RSMo Supp. 1998 (emphasis added).

This section identifies projects in the 2000-2004 Highway and Bridge Construction Schedule that were reprioritized in the 2001-2005 schedule in the course of working with urban planning organizations, adjusting to unforeseen circumstances or amending schedules to accommodate changes in environmental review or right-of-way acquisition.

An explanation for the change in date is included with each project. Many of the projects are urban improvements authorized by the St. Louis and Kansas City metropolitan planning organizations, which approve highway and bridge construction in the two cities. Metropolitan planning organizations plan only three to four years in advance, and each year urban projects will be added to MoDOT's five-year schedule.

Bond financing allowed for the acceleration of 23 projects, which represents 12 percent of the total number of projects reprioritized. Of other projects changed, eight were moved back one to two months. Fourteen projects were advanced one year because greater needs for the improvements were identified.

The total number of projects reprioritized is 187, which represents 22 percent of the projects in the 2000-2004 Schedule.

More information on reprioritization of projects is contained in Section 2.B of the Report to the Joint Committee on Transportation Oversight.

C. Projects Added in the 2001-2005 Highway & Bridge Construction Schedule

The information in this section is being submitted in accordance with the highlighted portion in the following section of the reporting statute. *“(2) A detailed explanation of the methods or criteria employed to select construction projects, **including a listing of any new or reprioritized projects** not mentioned in a previous report, and an explanation as to how the new or reprioritized projects meet the selection methods or criteria; ...”* Section 21.795.2(2), RSMo Supp. 1998 (emphasis added).

This section lists projects that were identified after the previous schedule was approved and have been added in the years 2001 - 2004 of the Highway and Bridge Construction Schedule.

An explanation for the change is included with each project. Many of the projects are urban improvements authorized by the St. Louis and Kansas City metropolitan planning organizations, which approve highway and bridge construction in the two cities. Metropolitan planning organizations plan only three to four years in advance, and each year urban projects will be added to MoDOT's five-year schedule.

Replacement of rapidly deteriorating bridges or pavements is the purpose of 65 projects, which are scheduled on a shorter time frame to ensure improvements that most need attention are addressed at the appropriate time. Forty-eight improvements are portions of larger projects that were listed in last year's program and were separated to facilitate scheduling.

Thirty-one projects were added as safety projects utilizing funds that were reserved in last year's Statewide Transportation Improvement Program specifically for this type of project.

The total number of projects added is 191, which represents 22 percent of the projects in the overall schedule.

More information on additional projects is contained in Section 2.C of the Report to the Joint Committee on Transportation Oversight.

3. Forecast of Planned Expenditures

A. Detailed Work Plan for Five Years (Statewide Transportation Improvement Program)

1. Highway and Bridge Construction Schedule

The information in this section is being submitted in accordance with the highlighted portion in the following section of the reporting statute. *“(3) The proposed allocation and expenditure of moneys and the proposed work plan for the current fiscal year, at least the next four years, and for any period of time expressed in any public transportation plan approved by either the general assembly or by the voters of Missouri. This proposed allocation and expenditure of moneys shall include the amounts of proposed allocation and expenditure of moneys in each of the categories listed in subdivision (1) of this subsection; ...”* Section 21.795.2(3), RSMo Supp. 1998 (emphasis added).

MoDOT has proposed a specific plan for highway construction covering the next five years. The plan relies only on currently anticipated revenues, and it specifies projects expected to be placed under contract in the years 2001 through 2005. As each year of the plan is completed, a new year is added.

Through 2003, expansion projects remain the focus of the Highway and Bridge Construction Schedule. The schedule also allocates much-needed additional funding for road and bridge rehabilitation and reconstruction, as well as some unallocated funds for future economic development purposes and other unforeseen needs. Beginning in 2004, emphasis may be shifted to rehabilitation and reconstruction projects in accordance with the principles set out in the draft Long-Range Transportation Plan. Other needs must also be addressed, but more emphasis may, by necessity, be placed on preserving the existing system. Any project not in the Highway and Bridge Construction Schedule is uncertain and may not be built due to lack of sufficient revenues.

The needs addressed in the Highway and Bridge Construction Schedule include the following:

- safety
- rehabilitation and reconstruction
- congestion relief
- connectivity
- operational efficiency
- economic development
- non-motorized options

Meeting the deadlines of the Highway and Bridge Construction Schedule depends on funding at anticipated levels, meeting environmental requirements, resolving legal issues and obtaining concurrence from local planning organizations in project selection and funding.

In order for projects listed in this section to proceed as scheduled herein, all of the following conditions must be met:

- obtaining state and federal funding at expected levels
- meeting environmental requirements
- resolving legal matters on a timely basis, especially right-of-way acquisitions and utility relocations
- receiving metropolitan planning organization concurrence on projects in Columbia, Joplin, Kansas City, St. Joseph, St. Louis and Springfield

An inflation factor of 3 percent has been applied to each of the second, third, fourth and fifth years of the program.

More information on the highway and bridge construction schedule is contained in Section 3.A.1 of the Report to the Joint Committee on Transportation Oversight.

2. Other Transportation Modes

The information in this section is being submitted in accordance with the highlighted portion in the following section of the reporting statute. *“(3) The proposed allocation and expenditure of moneys and the proposed work plan for the current fiscal year, at least the next four years, and for any period of time expressed in any public transportation plan approved by either the general assembly or by the voters of Missouri. This proposed allocation and expenditure of moneys shall include the amounts of proposed allocation and expenditure of moneys in each of the categories listed in subdivision (1) of this subsection; ...”* Section 21.795.2(3), RSMo Supp. 1998 (emphasis added).

More than \$50.6 million in improvements were made to the state’s aviation, rail, water and transit facilities during fiscal year 2000. Funding for the projects came from federal and state government, and does not include local participation. Although these improvements addressed many critical issues, numerous other needs will remain important parts of MoDOT’s future multimodal programs.

Improvements include \$6.425 million for the state’s share of Amtrak funding for operations, advertising and station improvements. Waterways funding included \$444,987 for administrative grants to 12 ports and \$1.5 million for seven improvement projects.

More than \$11 million in state and federal aviation funding was provided for improving and maintaining Missouri airports. Projects included the rehabilitation of five runways, and 12 airfield pavement projects.

More than 225 new vehicles were made available to public transportation providers. Over 70 million passenger trips statewide were supported by \$19.4 million in state and federal operating assistance. Three hundred public transportation providers or specialized organizations serving the elderly or disabled received state aid. Other accomplishments included receiving \$1 million to provide new transportation for job access programs; completion of a Springfield/Branson transportation study; and earmarked funding for new facilities for OATS, Inc., Southwest Missouri Transportation Service, Inc. and the Jackson County Board of Services.

More information on other transportation modes is contained in Section 3.A.2 of the Report to the Joint Committee on Transportation Oversight.

B. Proposed Allocation of Expenditures for Remainder of 1992 Plan

The information in this section is being submitted in accordance with the highlighted portion in the following section of the reporting statute. “(3) ***The proposed allocation and expenditure of moneys and the proposed work plan for the current fiscal year, at least the next four years, and for any period of time expressed in any public transportation plan approved by either the general assembly or by the voters of Missouri. This proposed allocation and expenditure of moneys shall include the amounts of proposed allocation and expenditure of moneys in each of the categories listed in subdivision (1) of this subsection; ...***” Section 21.795.2(3), RSMo Supp. 1998 (emphasis added).

The 2000 Proposed Allocation and Expenditure of Moneys for the 1992 Fifteen-Year Plan reports that the total funds available for construction during the period 1992-2010 are projected to be \$15.5 billion as compared to the original 1992 Plan estimate of \$12.6 billion. The increase in revenue is attributable in part to inclusion of incidental income in current revenue. 1992 projections did not include incidental income as revenue. It was estimated in 1999 that \$15.1 billion would be available for construction. Most of the increase is attributable to the projected increase in incidental income that contains innovative financing provided by others. The cost to complete projects will exceed funds available primarily because of faulty assumptions for project inflation and project growth in original plan estimates.

More information on Fifteen-Year Plan funds is contained in Section 3.B of the Report to the Joint Committee on Transportation Oversight.

4. Schedule of Funds Expended by Project for Construction Work in Progress in FY 2000

The information in this section is being submitted in accordance with the following section of the reporting statute. *“(4) The amounts which were planned, estimated and expended for projects in the state highway and bridge construction program or any other projects relating to other modes of transportation in the preceding state fiscal year and amounts which have been planned, estimated or expended by project for construction work in progress; ...”* Section 21.795.2(4), RSMo Supp. 1998.

Material in this section compares the cost estimates and expenditures for highway improvements currently in progress. The figures show MoDOT is practicing good fiscal management and is delivering good value for funds taxpayers invest in transportation. Cost estimates at the time projects appeared on the 5-Year Highway and Bridge Construction Schedule are compared with costs, to date, of projects that have been put under contract but have not been completed. Included in the estimate and award costs are costs for preliminary engineering (developing the roadway and bridge plans), right of way, construction engineering (inspecting the project during construction) and construction.

The estimates for all projects in progress total \$2,201,760,000. The contract costs for those projects total \$2,217,406,000. The difference — \$15,646,000 — represents a slight increase of 0.71 percent. These projects are not complete and additional changes may occur before the projects are finished.

More information on funds for work in progress is contained in Section 4 of the Report to the Joint Committee on Transportation Oversight.

5. and 6. Program Estimates Compared to Costs of Projects Completed in 2000

The information in this section is being submitted in accordance with the following sections of the reporting statute. *“(5) The current status as to completion, by project, of the fifteen-year road and bridge program adopted in 1992. The first written report submitted pursuant to this section shall include the original cost estimate, updated estimate and final completed cost by project. Each written report submitted thereafter shall include the cost estimate at the time the project was placed on the most recent five-year highway and bridge construction plan and the final completed cost by project;*

(6) The reasons for cost increases or decreases exceeding five million dollars or ten percent relative to cost estimates and final completed costs for projects in the state highway and bridge construction program or any other projects relating to other modes of transportation completed in the preceding state fiscal year. Cost increases or decreases shall be determined by comparing the cost estimate at the time the project was placed on the most recent five-year highway and bridge construction plan and the final completed cost by project. The reasons shall include the amounts resulting from inflation, department-wide design changes, changes in project scope, federal mandates, or other factors; ...” Section 21.795.2(5) and (6), RSMo Supp. 1998.

In this section, the programmed cost estimates and completed costs are compared. **The figures show MoDOT is practicing good fiscal management and is delivering good value for funds taxpayers invest in transportation. MoDOT’s performance on the five-year program is at or below estimated costs.**

The programmed cost at the time when the construction appeared on the 5-Year Highway and Bridge Schedule is compared with the cost of each project completed in fiscal year 2000. Reasons are provided for projects that indicate a difference of more than 10 percent or \$5 million between the programmed cost estimate and the amount spent on the project.

The project estimates for all projects completed in fiscal year 2000 equaled \$349,682,000. The cost to complete these same projects totaled \$332,237,000. This difference — \$17,445,000 — represents a savings of 4.99 percent.

More information on program estimates is contained in Section 5 and Section 6 of the Report to the Joint Committee on Transportation Oversight.

7. Recommendations for Statutory or Regulatory Changes

The information in this section is being submitted in accordance with the following section of the reporting statute. “(7) *Specific recommendations for any statutory or regulatory changes necessary for the efficient and effective operation of the department; ...*” Section 21.795.2(7), RSMo Supp 1998.

MoDOT continues to make our transportation system safer through construction and rehabilitation of our state road system. MoDOT will work with the governor’s office and the General Assembly in the 2001 legislative session to promote three key areas in the department’s business plan. These areas are:

- tools to accelerate highway projects
- initiatives that promote transportation safety
- proposals to efficiently manage transportation resources

MoDOT recommendations to accelerate highway construction include authorization for design-build, authority to build and operate toll facilities, and elimination of the 10-mile rule. Design-build authority will allow MoDOT to let a contract for the design and construction of a project simultaneously, rather than letting these contracts separately, which is our current practice. This option would be particularly useful for large, complex, multi-year projects or in response to natural disasters, when it is essential to restore transportation services. Legislative sanction to build toll facilities will give us another option to build highway projects where traditional financing is not available. Eliminating the 10-mile restriction will free MoDOT from the requirements of contracting projects in less than 10-mile increments.

Safety initiatives for the Legislature’s consideration include:

- imposing an additional \$250 fine for speeding in work zones
- enforcing bridge postings for weight and speed limits
- legislating the use of cameras at intersections to ticket persons who run red lights
- imposing penalties for crossing divided highways
- toughening penalties for repeat drunk drivers, prohibiting the possession and consumption of alcoholic beverages in motor vehicles and amending Missouri’s blood alcohol content standard from .10 to .08

Missouri did not pass repeat offender and open container laws last year, therefore MoDOT will be required to transfer federal highway construction dollars to highway safety programs. Based on the latest information from the Federal Highway Administration in October 2000, the transfer amount for repeat offender and open container will total approximately \$12 million. This transfer will double to \$24 million in October 2002 and continue at that level each year until legislation is passed that complies with the federal law.

And, because of new regulations enacted by Congress in the fiscal year 2001 U.S. Department of Transportation appropriations bill, states that do not enact and enforce a .08 BAC standard will be subject to the withholding of federal construction funds starting on Oct. 1, 2003. This withholding will start at 2 percent and will increase by 2 percent per year over the next three years until Missouri passes a compliant .08 BAC law. Figures published by FHWA in October 2000, estimate the 2 percent withholding could amount to approximately \$8.1 million. It should be noted that failure to lower Missouri's current BAC from .10 to .08 made Missouri ineligible to receive additional federal grant moneys last year.

MoDOT will promote legislation to protect general aviation airports by requiring MoDOT permits for tall structures near airports before the structures are built. The department also supports making permanent the current transfer of aviation jet fuel revenues to the Aviation Trust Fund.

MoDOT will also propose legislation to clarify references in Missouri statutes regarding MoDOT, the Missouri Highways and Transportation Commission and highway and retirement funds.

More information on recommended statutory or regulatory changes is contained in Section 7 of the Report to the Joint Committee on Transportation Oversight.

8. Expenditures by Source of Funds by District

The information in this section is being submitted in accordance with the following section of the reporting statute. *“(8) An accounting of the total amount of state, federal and earmarked federal highway funds expended in each district of the department of transportation; and...”* Section 21.795.2 (8), RSMo Supp. 1998.

MoDOT is divided into 10 districts that cover the state and work closely with local organizations to provide transportation improvements. Management of statewide issues as well as general guidance, support and leadership are provided by General Headquarters located in Jefferson City. Districts handle the details of local expenditures and are held accountable for results. For fiscal year 2000, a total of \$1.513 billion in state and federal highway funds was spent in those 10 districts and the General Headquarters in Jefferson City.

More information on district expenditures is contained in Section 8 of the Report to the Joint Committee on Transportation Oversight.

Compliance with Legislation

To fully comply with reporting statutes, MoDOT has prepared more than 500 pages of documentation. Following is the complete report outline, listed by the section specified in the legislation. The report is also available on the Internet at www.modot.state.mo.us, and at the department's district offices located in Chesterfield, Hannibal, Jefferson City, Joplin, Kansas City, Macon, St. Joseph, Sikeston, Springfield and Willow Springs.

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